EXPLORING THE DETERMINANTS OF TAX NON-COMPLIANCE AMONG SELF-EMPLOYED TAXPAYERS IN MALAYSIA: INSIGHTS FROM TAX AUDITORS

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ABSTRACT

Tax non-compliance threatens government revenue and development. Although prior studies have examined this subject, tax auditor viewpoints on tax evasion still need to be included. This tax auditor's experience may help identify determinants of tax non-compliance among self-employed taxpayers. This study analyses the relationships between characteristics of businesses, taxpayers' tax knowledge, taxpayers' record-keeping, tax agents' involvement, and tax non-compliance among self-employed individuals in Malaysia from the viewpoint of tax auditors. Intentional or accidental tax evasion violates tax laws. Data collection was conducted using online questionnaires, and four hypotheses were tested in this study. The questionnaire has been distributed to tax audit officers at the IRBM in Malaysia. The survey succeeds in yielding 123 respondents. The analysis exhibits that characteristics of business and tax agent involvement significantly affect tax non-compliance, while tax knowledge and taxpayer record-keeping are not significant. However, the analysis acknowledges sample representativeness is limited. Therefore, future studies should increase samples to improve regression model accuracy and expand findings to determine determinants of tax non-compliance among self-employed individuals in Malaysia. The conclusions drawn from the study are valuable for a range of stakeholders, including the Inland Revenue Board of Malaysia (IRBM) and government entities. Furthermore, academics and educators stand to gain a more profound comprehension and insight into the factors influencing tax non-compliance among self-employed taxpayers. This study makes a valuable contribution to the knowledge base about enhancing tax adherence in Malaysia through its emphasis on reducing tax collection costs and promoting voluntary compliance.

Keywords: Tax non-compliance, self-employed taxpayers, tax auditor, Malaysia

ABSTRAK

Ketidakpatuhan cukai mampu mengancam pendapatan dan pembangunan negara. Walaupun kajian terdahulu telah mengkaji subjek ini, persepsi pegawai audit mengenai ketidakpatuhan cukai masih kurang. Pengalaman pegawai audit ini mungkin membantu mengesan punca ketidakpatuhan cukai dalam kalangan individu yang bekerja sendiri. Kajian ini mengkaji ciri-ciri perniagaan, pengetahuan cukai, penyimpanan rekod pembayar cukai, dan penglibatan ejen cukai berkaitan dengan ketidakpatuhan cukai dikalangan individu yang bekerja sendiri di Malaysia. Ketidakpatuhan cukai boleh berlaku sama ada tidak disengajakan atau dengan sengaja melakukan pelarian cukai. Kajian ini menggunakan kaji soal selidik berstruktur yang mempunyai empat hipotesis dari kerangka kerja telah diuji. Soalan kaji soal selidik ini diedarkan dalam kalangan pegawai audit di LHDNM dan berjaya menerima maklumbalas responden berjumlah 123 orang. Analisis data telah menunjukkan bahawa ciri-ciri perniagaan dan penglibatan ejen cukai memberi kesan yang signifikan terhadap ketidakpatuhan cukai, manakala pengetahuan cukai dan penyimpanan rekod tidak signifikan dalam keputusan kajian ini. Walau bagaimanapun, analisis mengakui terdapat limitasi keatas kebolehwakilan sampel. Oleh itu, kajian masa hadapan dicadangkan untuk meningkatkan jumlah sampel bagi memastikan ketepatan model regresi dan memperluaskan lagi dapatan kajian untuk mengetahui faktor penentu ketidakpatuhan cukai dalan kalangan pembayar cukai yang bekerja sendiri di Malaysia. Kesimpulannya, kajian ini amat penting bagi pelbagai pihak berkepentingan, termasuk Lembaga Hasil Dalam Negeri Malaysia (LHDNM) dan agensi kerajaan. Selain itu, ahli akademik boleh memperoleh pemahaman yang lebih mendalam mengenai faktor-faktor penentu yang mempengaruhi ketidakpatuhan cukai dalam kalangan individu yang bekerja sendiri. Kajian ini juga menyumbangkan kepada peningkatan pemahaman serta pematuhan cukai di Malaysia dengan fokus pengurangan kos kutipan cukai dan memupuk pematuhan secara sukarela.

Kata kunci: *ketidakpatuhan cukai, pembayar cukai individu, pegawai audit cukai, Malaysia*

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATION

RPGT	: Real Property Gain Tax
IRBM	: Inland Revenue Board of Malaysia
SME	: Small Medium Enterprise
CEO	: Chief Executive Officer
OECD	: Organisation for Economic Co-operation and Development
GDP	: Gross Domestic Product
CMS	: Case Management System
SPSS	: Statistical Package for the Social Science
SAS	: Self-Assessment System
BNCP	: *Borang Nyata Cukai Pendapatan* Income Tax Return Form
GDP	: Gross Domestic Product
PPP	: Purchase Parity Power

CHAPTER 1

INTRODUCTION

1.1 Background of The Study

Taxation holds excellent significance for countries, particularly developing nations, as it serves as the primary source of revenue and provides a reliable income stream for the government. A notable example is Ghana, where tax contributes a substantial portion of the annual total revenue, accounting for approximately 78% (Bedi, 2016). Similarly, according to Alshir'ah, Abdul-Jabbar, and Samsudin (2016), the money collected from taxes in Jordan has consistently contributed between 67 and 73 per cent of the cumulative revenue from 2010 and 2015.

The Inland Revenue Board of Malaysia (IRBM), also known as Lembaga Hasil Dalam Negeri Malaysia (LHDNM), manages, evaluates, collects, and enforces income tax, petroleum income tax, property gains tax, estate duty, stamp duty, and other taxes established by government-IRBM agreements (LHDNM, 2015).

Table 1.1
Federal Government Revenue for the years of 2020-2022

Component	**RM Million**		
	2020	**2021**	**2022**
Tax Revenue	154,398	161,830	171,374
Direct Tax	112,511	120,048	127,334
CITA	50,065	60,588	65,499
Individual	38,953	36,400	37,510
PITA	12,722	11,500	12,400
Indirect Tax	41,887	41,782	44,040
Non-Tax Revenue	70,678	59,193	62,637
Total Revenue	**225,076**	**221,023**	**234,011**

Source: Ministry of Finance Malaysia

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APPENDICES

Appendix A – Questionnaire

Exploring the Determinants of Tax Non-Compliance among Self-Employed Taxpayers in Malaysia: Insights from Tax Auditors

Dear respondent,

I am a Master of Science (International Accounting) student and currently researching Determinants of Tax Non-Compliance among Self-employed Taxpayers in Malaysia: Insights from tax auditors.

This study is being conducted as a partial fulfillment for my Master of Science (International Accounting). The information you provide for this study will be treated with STRICT CONFIDENTIALITY and used solely for academic purposes.

This study is developed under the guidance of academicians of Tunku Puteri Intan Safinaz School of Accountancy (TISSA), Universiti Utara Malaysia. I am cordially inviting your good self to be a part of this study as a respondent. I am specifically gathering information regarding the determinants of tax non-compliance among self-employed individuals from the perspective of a tax auditor in Malaysia.

All responses are voluntary and will be kept with the highest confidentiality. There are no foreseeable risks from participating in this study. There is no right or wrong answer in answering the questions. By submitting your response, you have indicated that you are voluntarily agreeing to participate in this study. I appreciate your time, effort, and contribution to completing this survey form.

This questionnaire consists of 50 questions that will take 5-10 minutes to complete. Your participation is highly appreciated.

For further information about this study, kindly contact me at zalikhajainanl2@gmail.com

Thank you for your valuable insights, time and kind cooperation.

Zalikha Binti Jainanl
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THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND SUPPORT

SECTION A: Demographic Information

1. Age *

- o 25 and below
- o 26 – 30 years old
- o 31 – 35 years old
- o 36 – 40 years old
- o 41 – 45 years old
- o 46 – 50 years old
- o 51 – 55 years old
- o More than 55 years old

2. Gender *

- o Male
- o Female

3. Education Level *

- o Diploma
- o Bachelor Degree
- o Master
- o PhD
- o Other…………………………

4. Working experience with IRBM*

- o 5 years or less
- o 6 – 10 years
- o 11 – 15 years
- o More than 15 years

5. Working experience in the Audit Section*

- o 5 years or less
- o 6 – 10 years
- o 11 – 15 years
- o More than 15 years

6. Designation *

- o E1-E2
- o E3-E4
- o L1 – L2
- o Other……………………………….

7.States

- o Sabah
- o Sarawak
- o Wilayah Persekutuan Labuan
- o Others

8. Department/Locality & Section

………………………………………………………….

Section B: Understanding Tax Non-Compliance Factors

Please rate the following statements based on your perception of their impact on tax non-compliance among self-employed individuals.

Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	2	3	4	5

9.	Self-employed individuals are more likely to underreport income when they perceive that tax enforcement is weak.	1	2	3	4	5
10.	Lack of understanding of tax laws and regulations contributes to tax non-compliance among self-employed individuals.	1	2	3	4	5
11.	Taxpayers are more likely to engage in non-compliant behavior if they perceive that the chances of being audited are low.	1	2	3	4	5
12.	Tax auditors commonly identify underreporting of income, misclassification of expenses, and other non-compliance issues among self-employed individuals.	1	2	3	4	5
13.	Complex tax systems and procedures contribute to unintentional errors and non-compliance among self-employed individuals.	1	2	3	4	5

Section C: Understanding Characteristics of Business

Please rate the following statements based on their influence on tax non-compliance related to business criteria.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

14.	The size of the business influences the likelihood of tax non-compliance among self-employed individuals.	1	2	3	4	5
15.	Certain industries are more prone to tax non-compliance due to the nature of their transactions and income sources.	1	2	3	4	5
16.	Geographic location plays a significant role in the level of tax compliance among self-employed individuals.	1	2	3	4	5
17.	Businesses operating in the informal sector are more likely to engage in tax non-compliant activities.	1	2	3	4	5
18.	The compliance behavior of self-employed individuals may be influenced by factors such as gender and race.	1	2	3	4	5

19. Please select the industry sectors where you believe tax non-compliance among self-employed taxpayers is most prevalent:

(Please note that you can choose more than one industry sector if you believe tax non-compliance is prevalent across multiple sectors.)

- Wholesale retail trade, repair of motor vehicles and motocycles / perdaganan borong dan runcit, pembaikan kenderaan bermotor dan motosikal
- Construction / pembinaan
- Financial and insurance /takaful activities/Aktiviti kewangan dan insurans/takaful
- Accommodation and food service activities/Penginapan dan aktiviti perkhidmatan makanan dan minuman
- Agriculture, forestry and fishing/ Pertanian,perhutanan dan perikanan
- Manufacturing/ Pengilangan
- Professional, scientific and technical activities/ Aktiviti professional, saintifik dan teknikal
- Other service activities/ Aktiviti perkhidmatan lain-lain: ……………………………………………

Section D: Tax Knowledge and Awareness

Please rate the following statements based on their impact on tax compliance among self-employed individuals.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

20.	Self-employed individuals with tax knowledge typically demonstrate higher levels of compliance with tax regulations.	1	2	3	4	5
21.	Self-employed individuals understand their responsibility to accurately disclose their true earnings to the Inland Revenue Board (IRB)	1	2	3	4	5
22.	Self-employed individuals understand their responsibilities and voluntarily fulfill their tax obligations.	1	2	3	4	5
23.	Self-employed individuals are aware of the penalties and implications associated with non-compliant behavior.	1	2	3	4	5
24.	Self-employed taxpayers are knowledgeable about the obligation of paying taxes within the stipulated time	1	2	3	4	5

Section E: Taxpayer Record Keeping

Please rate the following statements based on your experience as an audit officer on taxpayer record keeping among self-employed individuals.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

25.	Most records are kept at the taxpayer's business premises.	1	2	3	4	5
26.	Most records are written in Malay or English.	1	2	3	4	5
27.	The method of record keeping by taxpayers is secure for a minimum of 7 years.	1	2	3	4	5
28.	Records are maintained in a computerized system.	1	2	3	4	5
29.	Records are maintained manually.	1	2	3	4	5
30.	Incomplete and disorganized record keeping affects tax compliance issues.	1	2	3	4	5

Section F: Tax Agent

Please rate the following statements based on your experience as a tax auditor regarding tax agent involvement in tax compliance among self-employed individuals.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

31.	Employing the services of a tax agent increases the likelihood of accurate tax reporting and compliance.	1	2	3	4	5
32.	Self-employed individuals are more likely to engage in tax non-compliance when they perceive the cost of a qualified tax agent to be high.	1	2	3	4	5
33.	Employing the services of a tax agent increases the likelihood of filing on stipulated time	1	2	3	4	5
34.	Employing the services of a tax agent increases the likelihood of avoiding offences and penalty	1	2	3	4	5
35.	The tax agent possesses a good understanding of tax laws outlined in the Income Tax Act 1967 and provides accurate advice to taxpayers based on relevant facts.	1	2	3	4	5
36.	The tax agent demonstrates a strong commitment to resolving tax audit cases efficiently and maintains a high	1	2	3	4	5

	level of cooperation and ethical conduct when interacting with LHDNM officials.						

Section G: Tax Auditor's Perceptions and Opinions

Please rate the following statements based on your opinion regarding common non-compliance issues observed among taxpayers.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

37.	Tax auditors frequently encounter discrepancies between reported income and actual business activities during audits.	1	2	3	4	5

38. Please tick the offense that you believe is most regularly committed by taxpayers:

(Please note that you can choose more than one offense if you believe multiple offenses are commonly committed by taxpayers.)

- o Late or Non-Filing of Tax Returns
- o Omission (Underreport Income/Overclaim Expenses, Inaccurate Reporting)
- o Repeat Offenses
- o Failure to Provide Sufficient Documentation as Required
- o Overclaim Tax Relief
- o Other (please specify): …………………………………………

39. What measures or strategies do you suggest or recommend to address tax non-compliance among self-employed individuals in Malaysia?

Thank you for participating in this survey. Your feedback is valuable in understanding the determinants of tax non-compliance among self-employed individuals from the perspective of tax auditors in Malaysia.

Appendix B – SPSS Result

Reliability Analysis – PILOT, n(30)

Variables	Cronbach's Alpha	N of items
Tax non-compliance	0.825	5
Characteristics of businesses	0.785	5
Tax knowledge	0.897	5
Taxpayer record keeping	0.890	5
Tax agent involvement	0.870	6
Overall instruments	**0.937**	**26**

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.825	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B9	16.40	4.386	.716	.764
B10	16.37	4.378	.701	.767
B11	16.43	4.047	.729	.756
B12	16.60	4.800	.473	.832
B13	16.87	4.809	.502	.823

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.785	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
C14	15.33	5.264	.681	.704
C15	15.03	6.033	.491	.767
C16	15.03	5.413	.640	.719
C17	14.93	6.271	.659	.735
C18	15.80	5.269	.454	.801

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.897	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
D20	13.80	10.717	.513	.923
D21	14.40	8.593	.863	.846
D22	14.43	9.702	.710	.882
D23	14.33	9.402	.862	.849
D24	14.37	9.826	.817	.861

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.890	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
E25	15.50	7.845	.763	.859
E26	14.97	8.033	.759	.860
E27	15.53	7.292	.906	.824
E28	15.63	7.137	.757	.865
E29	14.77	9.909	.512	.909

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.870	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
F30	20.43	6.254	.619	.856
F31	20.60	5.834	.453	.901
F32	20.40	5.972	.707	.842
F33	20.47	5.361	.832	.817
F34	20.57	5.633	.847	.819
F35	20.53	5.913	.679	.846

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.937	26

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B9	96.97	146.309	.540	.935
B10	96.93	144.340	.659	.934
B11	97.00	144.621	.567	.935
B12	97.17	146.489	.485	.936
B13	97.43	146.944	.478	.936
C14	97.53	146.602	.408	.937
C15	97.23	145.013	.532	.936
C16	97.23	140.944	.723	.933
C17	97.13	146.051	.660	.934
C18	98.00	143.586	.435	.938
D20	97.20	141.545	.574	.935
D21	97.80	138.717	.648	.934
D22	97.83	141.247	.585	.935
D23	97.73	140.064	.700	.933
D24	97.77	141.840	.644	.934
E25	97.63	140.585	.679	.934
E26	97.10	139.059	.794	.932
E27	97.67	138.092	.806	.932
E28	97.77	138.047	.676	.934
E29	96.90	145.128	.656	.934
F30	97.07	149.857	.380	.937
F31	97.23	143.840	.562	.935
F32	97.03	146.792	.598	.935
F33	97.10	145.955	.575	.935
F34	97.20	146.855	.587	.935
F35	97.17	148.764	.420	.937

Correlations

Correlations

		Tax non-compliance	Characteristics of businesses	Tax knowledge	Taxpayer record keeping	Tax agent involvement
Tax non-compliance	Pearson Correlation	1	.596**	.375**	.357**	.501**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	123	123	123	123	123
Characteristics of businesses	Pearson Correlation	.596**	1	.241**	.227*	.343**
	Sig. (2-tailed)	.000		.007	.012	.000
	N	123	123	123	123	123
Tax knowledge	Pearson Correlation	.375**	.241**	1	.410**	.340**
	Sig. (2-tailed)	.000	.007		.000	.000
	N	123	123	123	123	123
Taxpayer record keeping	Pearson Correlation	.357**	.227*	.410**	1	.349**
	Sig. (2-tailed)	.000	.012	.000		.000
	N	123	123	123	123	123
Tax agent involvement	Pearson Correlation	.501**	.343**	.340**	.349**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	123	123	123	123	123

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Frequency Table

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 - 30 years old	1	.8	.8	.8
	31 - 35 years old	34	27.6	27.6	28.5
	36 - 40 years old	34	27.6	27.6	56.1
	41 - 45 years old	32	26.0	26.0	82.1
	46 - 50 years old	11	8.9	8.9	91.1
	51 - 55 years old	8	6.5	6.5	97.6
	56 years old and above	3	2.4	2.4	100.0
	Total	123	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	48	39.0	39.0	39.0
	Female	75	61.0	61.0	100.0
	Total	123	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	1	.8	.8	.8
	Bachelor Degree	99	80.5	80.5	81.3
	Master	20	16.3	16.3	97.6
	PhD	1	.8	.8	98.4
	Others	2	1.6	1.6	100.0
	Total	123	100.0	100.0	

Experience_IRBM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5 years or less	5	4.1	4.1	4.1
	6 - 10 years	52	42.3	42.3	46.3
	11 - 15 years	23	18.7	18.7	65.0
	More than 15 years	43	35.0	35.0	100.0
	Total	123	100.0	100.0	

Experience Audit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5 years or less	50	40.7	40.7	40.7
	6 - 10 years	44	35.8	35.8	76.4
	11 - 15 years	15	12.2	12.2	88.6
	More than 15 years	14	11.4	11.4	100.0
	Total	123	100.0	100.0	

Designation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	E1 - E2	81	65.9	65.9	65.9
	E3 - E4	35	28.5	28.5	94.3
	L1 - L2	3	2.4	2.4	96.7
	Others	4	3.3	3.3	100.0
	Total	123	100.0	100.0	

State

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sabah	53	43.1	43.1	43.1
	Sarawak	19	15.4	15.4	58.5
	Wilayah Persekutuan Labuan	4	3.3	3.3	61.8
	Others	47	38.2	38.2	100.0
	Total	123	100.0	100.0	

Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Audit	70	56.9	56.9	56.9
	Collection	12	9.8	9.8	66.7
	Investigation	10	8.1	8.1	74.8
	Intelligent & Profiling	6	4.9	4.9	79.7
	RPGT	2	1.6	1.6	81.3
	Customer service	10	8.1	8.1	89.4
	Legal	2	1.6	1.6	91.1
	Stamp Duty	4	3.3	3.3	94.3
	Others	7	5.7	5.7	100.0
	Total	123	100.0	100.0	

Frequency Table

B9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	1	.8	.8	1.6
	U	11	8.9	8.9	10.6
	A	52	42.3	42.3	52.8
	SA	58	47.2	47.2	100.0
	Total	123	100.0	100.0	

B10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	10	8.1	8.1	8.1
	A	51	41.5	41.5	49.6
	SA	62	50.4	50.4	100.0
	Total	123	100.0	100.0	

B11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	14	11.4	11.4	11.4
	A	52	42.3	42.3	53.7
	SA	57	46.3	46.3	100.0
	Total	123	100.0	100.0	

B12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	1	.8	.8	.8
	U	18	14.6	14.6	15.4
	A	66	53.7	53.7	69.1
	SA	38	30.9	30.9	100.0
	Total	123	100.0	100.0	

B13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	10	8.1	8.1	8.9
	U	29	23.6	23.6	32.5
	A	53	43.1	43.1	75.6
	SA	30	24.4	24.4	100.0
	Total	123	100.0	100.0	

C14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	13	10.6	10.6	10.6
	U	21	17.1	17.1	27.6
	A	63	51.2	51.2	78.9
	SA	26	21.1	21.1	100.0
	Total	123	100.0	100.0	

C15

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	5	4.1	4.1	4.1
	U	19	15.4	15.4	19.5
	A	69	56.1	56.1	75.6
	SA	30	24.4	24.4	100.0
	Total	123	100.0	100.0	

C16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	8	6.5	6.5	7.3
	U	24	19.5	19.5	26.8
	A	58	47.2	47.2	74.0
	SA	32	26.0	26.0	100.0
	Total	123	100.0	100.0	

C17

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	6	4.9	4.9	4.9
	U	18	14.6	14.6	19.5
	A	67	54.5	54.5	74.0
	SA	32	26.0	26.0	100.0
	Total	123	100.0	100.0	

C18

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	7	5.7	5.7	5.7
	D	35	28.5	28.5	34.1
	U	45	36.6	36.6	70.7
	A	29	23.6	23.6	94.3
	SA	7	5.7	5.7	100.0
	Total	123	100.0	100.0	

Wholesale Retail Trade, Repair of Motor Vehicles And Motorcycles

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	50	40.7	40.7	40.7
	1	73	59.3	59.3	100.0
	Total	123	100.0	100.0	

Construction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	43	35.0	35.0	35.0
	1	80	65.0	65.0	100.0
	Total	123	100.0	100.0	

Financial and Insurance/Takaful Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	90	73.2	73.2	73.2
	1	33	26.8	26.8	100.0
	Total	123	100.0	100.0	

Accommodation and Food Service Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	46	37.4	37.4	37.4
	1	77	62.6	62.6	100.0
	Total	123	100.0	100.0	

Agriculture, Forestry and Fishing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	70	56.9	56.9	56.9
	1	53	43.1	43.1	100.0
	Total	123	100.0	100.0	

Manufacturing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	106	86.2	86.2	86.2
	1	17	13.8	13.8	100.0
	Total	123	100.0	100.0	

Professional, Scientific and Technical Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	108	87.8	87.8	87.8
	1	15	12.2	12.2	100.0
	Total	123	100.0	100.0	

Other Service Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	117	95.1	95.1	95.1
	1	6	4.9	4.9	100.0
	Total	123	100.0	100.0	

D20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	7	5.7	5.7	6.5
	U	11	8.9	8.9	15.4
	A	58	47.2	47.2	62.6
	SA	46	37.4	37.4	100.0
	Total	123	100.0	100.0	

D21

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	18	14.6	14.6	15.4
	U	29	23.6	23.6	39.0
	A	56	45.5	45.5	84.6
	SA	19	15.4	15.4	100.0
	Total	123	100.0	100.0	

D22

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	19	15.4	15.4	15.4
	U	36	29.3	29.3	44.7
	A	55	44.7	44.7	89.4
	SA	13	10.6	10.6	100.0
	Total	123	100.0	100.0	

D23

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	2	1.6	1.6	1.6
	D	16	13.0	13.0	14.6
	U	31	25.2	25.2	39.8
	A	61	49.6	49.6	89.4
	SA	13	10.6	10.6	100.0
	Total	123	100.0	100.0	

D24

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	2	1.6	1.6	1.6
	D	15	12.2	12.2	13.8
	U	38	30.9	30.9	44.7
	A	56	45.5	45.5	90.2
	SA	12	9.8	9.8	100.0
	Total	123	100.0	100.0	

E25

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	3	2.4	2.4	2.4
	D	13	10.6	10.6	13.0
	U	32	26.0	26.0	39.0
	A	61	49.6	49.6	88.6
	SA	14	11.4	11.4	100.0
	Total	123	100.0	100.0	

E26

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	7	5.7	5.7	5.7
	U	17	13.8	13.8	19.5
	A	69	56.1	56.1	75.6
	SA	30	24.4	24.4	100.0
	Total	123	100.0	100.0	

E27

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	4	3.3	3.3	3.3
	D	12	9.8	9.8	13.0
	U	30	24.4	24.4	37.4
	A	50	40.7	40.7	78.0
	SA	27	22.0	22.0	100.0
	Total	123	100.0	100.0	

E28

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	2	1.6	1.6	1.6
	D	18	14.6	14.6	16.3
	U	46	37.4	37.4	53.7
	A	44	35.8	35.8	89.4
	SA	13	10.6	10.6	100.0
	Total	123	100.0	100.0	

E29

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	1	.8	.8	.8
	U	4	3.3	3.3	4.1
	A	54	43.9	43.9	48.0
	SA	64	52.0	52.0	100.0
	Total	123	100.0	100.0	

F30

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	2	1.6	1.6	1.6
	U	11	8.9	8.9	10.6
	A	67	54.5	54.5	65.0
	SA	43	35.0	35.0	100.0
	Total	123	100.0	100.0	

F31

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	7	5.7	5.7	5.7
	U	24	19.5	19.5	25.2
	A	57	46.3	46.3	71.5
	SA	35	28.5	28.5	100.0
	Total	123	100.0	100.0	

F32

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	11	8.9	8.9	8.9
	A	68	55.3	55.3	64.2
	SA	44	35.8	35.8	100.0
	Total	123	100.0	100.0	

F33

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	4	3.3	3.3	4.1
	U	12	9.8	9.8	13.8
	A	71	57.7	57.7	71.5
	SA	35	28.5	28.5	100.0
	Total	123	100.0	100.0	

F34

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	16	13.0	13.0	13.0
	A	71	57.7	57.7	70.7
	SA	36	29.3	29.3	100.0
	Total	123	100.0	100.0	

F35

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	13	10.6	10.6	10.6
	A	80	65.0	65.0	75.6
	SA	30	24.4	24.4	100.0
	Total	123	100.0	100.0	

G36

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	1	.8	.8	.8
	D	4	3.3	3.3	4.1
	U	23	18.7	18.7	22.8
	A	76	61.8	61.8	84.6
	SA	19	15.4	15.4	100.0
	Total	123	100.0	100.0	

Late or Non-Filing of Tax Returns

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	35	28.5	28.5	28.5
	1	88	71.5	71.5	100.0
	Total	123	100.0	100.0	

Omission (Underreport Income/Overclaim Expenses, Inaccurate Reporting)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	14	11.4	11.4	11.4
	1	109	88.6	88.6	100.0
	Total	123	100.0	100.0	

Repeat offenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	76	61.8	61.8	61.8
	1	47	38.2	38.2	100.0
	Total	123	100.0	100.0	

Failure to provide sufficient documents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	13	10.6	10.6	10.6
	1	110	89.4	89.4	100.0
	Total	123	100.0	100.0	

Overclaim Tax Relief

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	42	34.1	34.1	34.1
	1	81	65.9	65.9	100.0
	Total	123	100.0	100.0	

Other

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	122	99.2	99.2	99.2
	1	1	.8	.8	100.0
	Total	123	100.0	100.0	

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
B9	123	1	5	4.34	.745
B10	123	3	5	4.42	.640
B11	123	3	5	4.35	.677
B12	123	2	5	4.15	.686
B13	123	1	5	3.82	.924
Tax non-compliance	123	3.00	5.00	4.2163	.50284
C14	123	2	5	3.83	.884
C15	123	2	5	4.01	.752
C16	123	1	5	3.91	.887
C17	123	2	5	4.02	.779
C18	123	1	5	2.95	.991
Characteristics of businesses	123	2.00	5.00	3.7431	.58870
D20	123	1	5	4.15	.865
D21	123	1	5	3.60	.947
D22	123	2	5	3.50	.881
D23	123	1	5	3.54	.908
D24	123	1	5	3.50	.891
Tax knowledge	123	1.20	5.00	3.6585	.69976
E25	123	1	5	3.57	.915
E26	123	2	5	3.99	.784
E27	123	1	5	3.68	1.027
E28	123	1	5	3.39	.920
E29	123	2	5	4.47	.605
Taxpayer record keeping	123	1.60	5.00	3.8211	.58327
F30	123	2	5	4.23	.675
F31	123	2	5	3.98	.844
F32	123	3	5	4.27	.615
F33	123	1	5	4.10	.762
F34	123	3	5	4.16	.632
F35	123	3	5	4.14	.577
Tax agent involvement	123	3.00	5.00	4.1450	.46457
Valid N (listwise)	123				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
G36	123	1	5	3.88	.731
Valid N (listwise)	123				

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.737
Bartlett's Test of Sphericity	Approx. Chi-Square	153.064
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
B9	1.000	.429
B10	1.000	.647
B11	1.000	.747
B12	1.000	.516
B13	1.000	.171

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.510	50.206	50.206	2.510	50.206	50.206
2	.947	18.937	69.144			
3	.632	12.649	81.793			
4	.605	12.096	93.890			
5	.306	6.110	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component
	1
B9	.655
B10	.804
B11	.865
B12	.719
B13	.413

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Rotated Component Matrix

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	136.379
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
C14	1.000	.678
C15	1.000	.591
C16	1.000	.419
C17	1.000	.594
C18	1.000	.172

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.454	49.080	49.080	2.454	49.080	49.080
2	.972	19.442	68.521			
3	.680	13.607	82.129			
4	.500	9.995	92.124			
5	.394	7.876	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component
	1
C14	.824
C15	.769
C16	.648
C17	.771
C18	.414

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Rotated Component Matrix

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	303.301
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
D20	1.000	.243
D21	1.000	.724
D22	1.000	.759
D23	1.000	.633
D24	1.000	.734

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.094	61.874	61.874	3.094	61.874	61.874
2	.843	16.869	78.743			
3	.611	12.213	90.956			
4	.265	5.304	96.260			
5	.187	3.740	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component
	1
D20	.493
D21	.851
D22	.871
D23	.796
D24	.857

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Rotated Component Matrix

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.673
Bartlett's Test of Sphericity	Approx. Chi-Square	111.746
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
E25	1.000	.446
E26	1.000	.534
E27	1.000	.517
E28	1.000	.531
E29	1.000	.278

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.305	46.099	46.099	2.305	46.099	46.099
2	.934	18.675	64.774			
3	.727	14.547	79.321			
4	.645	12.909	92.230			
5	.388	7.770	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component
	1
E25	.668
E26	.731
E27	.719
E28	.728
E29	.527

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Rotated Component Matrix

a. Only one component was extracted. The solution cannot be rotated.

Component Transformation Matrix

Component	1	2
1	.798	.602
2	-.602	.798

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.666
Bartlett's Test of Sphericity	Approx. Chi-Square	193.876
	df	15
	Sig.	.000

Communalities

	Initial	Extraction
F30	1.000	.325
F31	1.000	.207
F32	1.000	.432
F33	1.000	.431
F34	1.000	.641
F35	1.000	.661

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.698	44.966	44.966	2.698	44.966	44.966
2	1.037	17.276	62.242			
3	.817	13.621	75.863			
4	.721	12.020	87.883			
5	.477	7.952	95.835			
6	.250	4.165	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component 1
F30	.570
F31	.455
F32	.658
F33	.657
F34	.800
F35	.813

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Rotated Component Matrix

a. Only one component was extracted. The solution cannot be rotated.

Descriptives

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tax non-compliance	123	-.103	.218	-.593	.433
Characteristics of businesses	123	-.490	.218	.378	.433
Tax knowledge	123	-.503	.218	.783	.433
Taxpayer record keeping	123	-.572	.218	1.089	.433
Tax agent involvement	123	-.046	.218	-.082	.433
Valid N (listwise)	123				

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.707	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B9	16.74	4.456	.417	.678
B10	16.66	4.309	.603	.610
B11	16.73	4.018	.679	.574
B12	16.93	4.438	.489	.650
B13	17.26	4.489	.250	.771

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.713	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
C14	14.89	5.380	.610	.605
C15	14.71	6.127	.530	.646
C16	14.80	5.880	.464	.668
C17	14.70	5.999	.540	.641
C18	15.76	6.329	.272	.756

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.837	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
D20	14.15	9.569	.359	.875
D21	14.69	7.543	.730	.778
D22	14.79	7.775	.751	.774
D23	14.75	8.075	.648	.802
D24	14.80	7.803	.733	.779

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.703	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
E25	15.54	5.710	.448	.660
E26	15.11	5.938	.511	.636
E27	15.42	5.082	.512	.634
E28	15.72	5.418	.523	.626
E29	14.63	7.086	.327	.702

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.724	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
F30	20.64	5.609	.359	.714
F31	20.89	5.325	.302	.746
F32	20.60	5.356	.519	.671
F33	20.77	5.079	.452	.689
F34	20.71	5.094	.602	.646
F35	20.73	5.247	.617	.648

Regression

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Tax agent involvement, Tax knowledge, Characteristics of businesses, Taxpayer record keeping	.	Enter

a. Dependent Variable: Tax non-compliance
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.698[a]	.488	.470	.36591	2.200

a. Predictors: (Constant), Tax agent involvement, Tax knowledge, Characteristics of businesses, Taxpayer record keeping
b. Dependent Variable: Tax non-compliance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.049	4	3.762	28.099	.000[b]
	Residual	15.799	118	.134		
	Total	30.847	122			

a. Dependent Variable: Tax non-compliance
b. Predictors: (Constant), Tax agent involvement, Tax knowledge, Characteristics of businesses, Taxpayer record keeping

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.892	.338		2.635	.010		
	Characteristics of businesses	.383	.061	.449	6.312	.000	.859	1.164
	Tax knowledge	.095	.054	.132	1.775	.079	.779	1.284
	Taxpayer record keeping	.093	.064	.108	1.450	.150	.777	1.286
	Tax agent involvement	.286	.081	.264	3.530	.001	.775	1.291

a. Dependent Variable: Tax non-compliance

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	Characteristics of businesses	Tax knowledge	Taxpayer record keeping	Tax agent involvement
1	1	4.942	1.000	.00	.00	.00	.00	.00
	2	.024	14.317	.02	.23	.72	.01	.01
	3	.016	17.326	.02	.41	.27	.49	.01
	4	.012	20.707	.18	.35	.00	.49	.22
	5	.006	28.388	.79	.00	.01	.00	.76

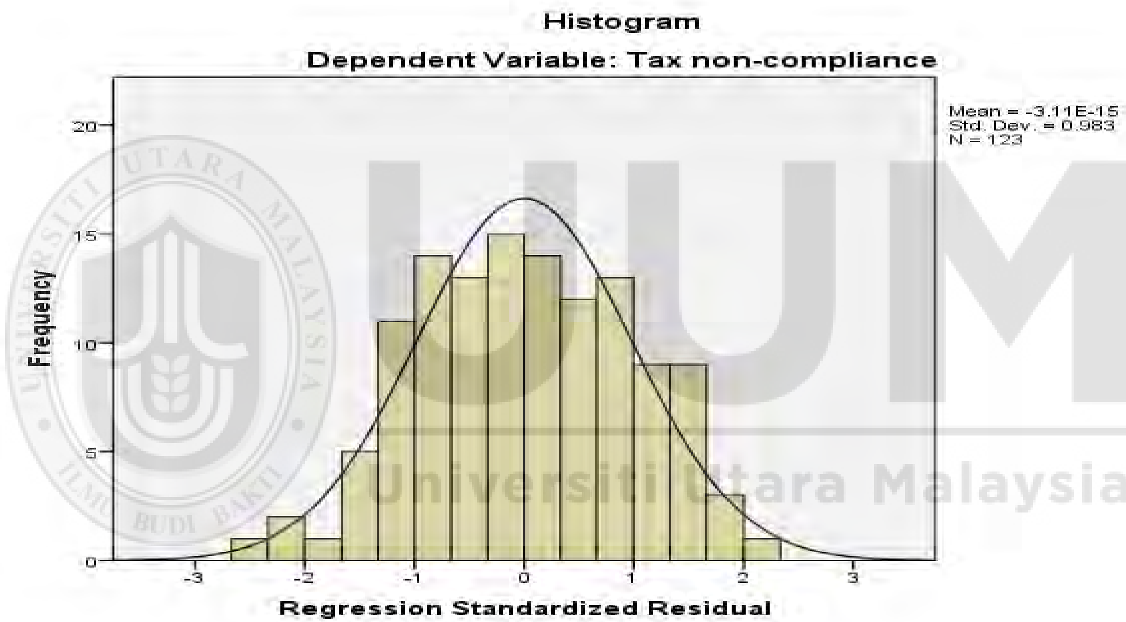
a. Dependent Variable: Tax non-compliance

Residuals Statistics

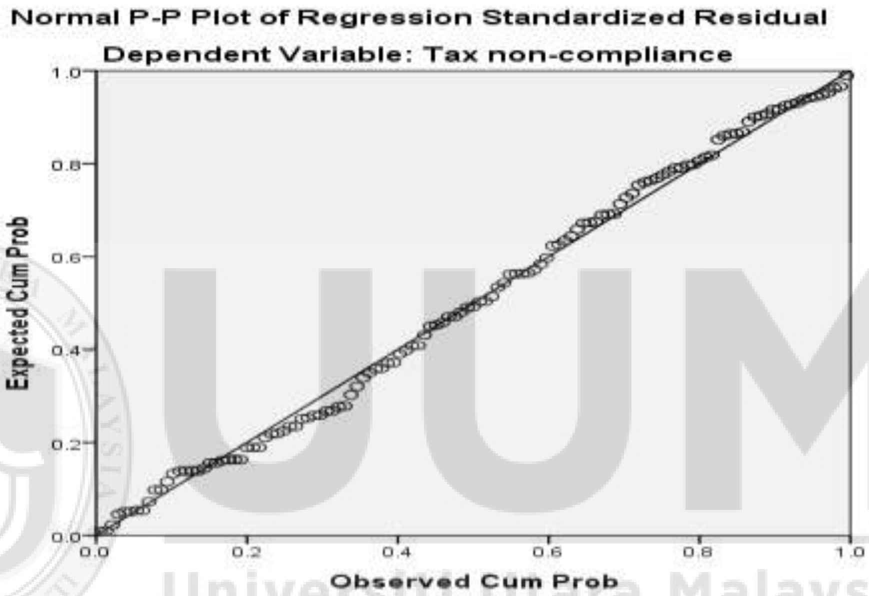
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.7794	4.8654	4.2163	.35121	123
Residual	-.88421	.84108	.00000	.35986	123
Std. Predicted Value	-4.091	1.848	.000	1.000	123
Std. Residual	-2.416	2.299	.000	.983	123

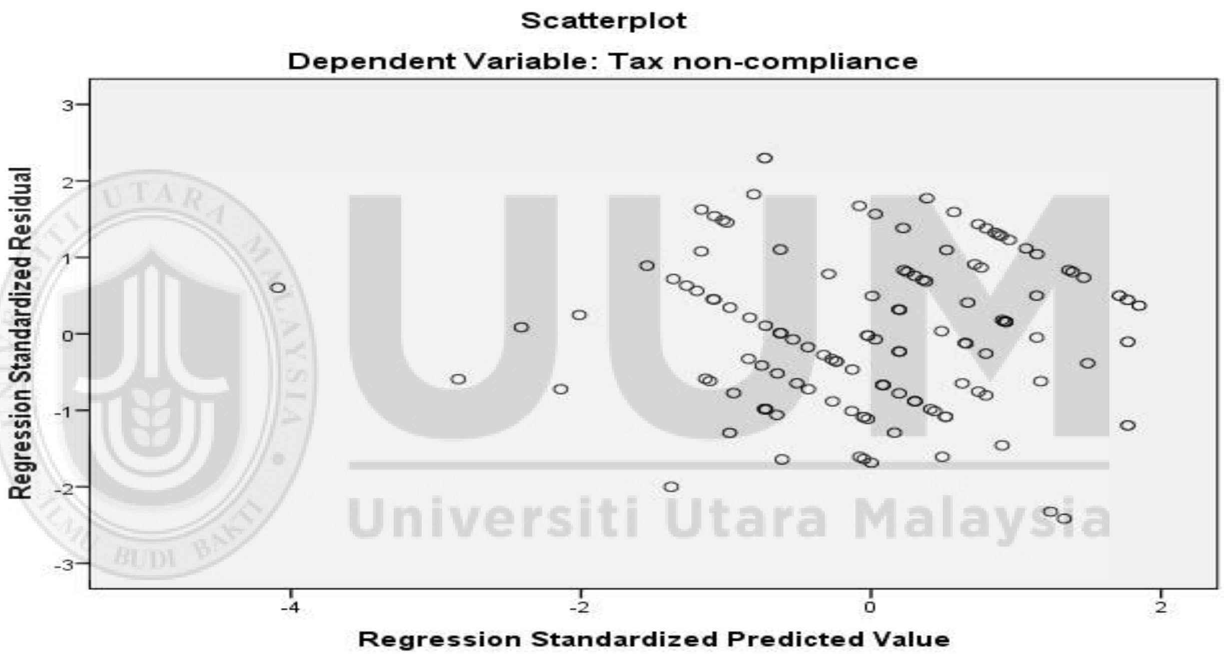
a. Dependent Variable: Tax non-compliance

Charts



Histogram
Dependent Variable: Tax non-compliance
Mean = -3.11E-15
Std. Dev. = 0.983
N = 123
Frequency
20
15
10
5
0
-3
-2
-1
0
1
2
3
Regression Standardized Residual


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Tax non-compliance
Expected Cum Prob
1.0
0.8
0.6
0.4
0.2
0.0
0.0
0.2
0.4
0.6
0.8
1.0
Observed Cum Prob


Scatterplot
Dependent Variable: Tax non-compliance
Regression Standardized Residual
3
2
1
0
-1
-2
-3
-4
-2
0
2
Regression Standardized Predicted Value